

# The Commercial

WINNIPEG, JULY 29, 1889.

## FUTURE GRAIN RATES.

The Port Arthur *Sentinel* follows up an article which appeared in THE COMMERCIAL a week or two ago, on the reduction which will probably take place in time in grain rates from Manitoba to Lake Superior ports, by taking up the question of the reduction in grain rates by water, which would follow the improvement of the St. Lawrence canals. The *Sentinel* says:—

"Our contemporary (THE COMMERCIAL) says that the experiences of the past in Manitoba and the reduction in rates elsewhere, all lead to the conclusion that within a few years wheat will be worth comparatively several cents per bushel more to our producers than it now is, owing to reductions in freight rates to Lake Superior points. THE COMMERCIAL might have gone further and touched upon a more important point on this question of grain rates. We refer to the water-way system wherein it has so frequently been demonstrated that by the enlargement of the St. Lawrence canal, from five to eight cents a bushel could be saved on the transshipment of every bushel of wheat. And this is only one of the benefits that would accrue were our large lake craft able to proceed direct to tide water."

THE COMMERCIAL has several times referred to the great advantage which our western grain producers would derive from the improvement of the St. Lawrence water route. The navigation of this vast system is capable of very great improvement, and the carrying out of these desired improvements would tend to materially cheapen freight rates from upper lake ports to the seaboard. It is therefore in the interest of the West that every effort should be made to impress the importance of this matter upon the Dominion Government. The Port Arthur board of trade has frequently discussed the subject, but heretofore the question has not received that attention in Manitoba which its importance to this country would entitle it to. As a matter of fact, the improvement of this great waterway is really of more importance to the producers of this prairie region, than it can be to Port Arthur, but we have had so many irons in the fire here during late years, that there was hardly room left for dealing with the St. Lawrence canals question. However, now that some of the most important questions affecting this country have been settled, there may be more time in the future for the study of the water-route question.

In the article in THE COMMERCIAL, referred to by our Port Arthur conten-

porary, it was shown how that in time railway freight rates upon grain shipped from Manitoba would be so reduced as to increase the relative value of wheat here by several cents per bushel. It can also be shown how the value of wheat as well as other produce would be still further increased by the improvement of the lake route to the east. This can be done by the enlargement of the canals so as to admit of the passage of large craft, thus greatly cheapening transportation facilities. It can be readily seen how a ship carrying a cargo of 4,000 tons can make a much lower rate than a ship carrying 2,000 tons. What is wanted, therefore, is the deepening of the canals to admit of the passage of larger craft. The United States Government has spent a great deal upon its lake canals and channels. The new Sault Ste. Marie canal being built by the United States, will allow of the passage of vessels loaded to the depth of twenty feet, while the Canadian canals of the St. Lawrence will have a depth of fourteen feet when the improvements now being made are finished. The maximum load of grain which can be carried to Montreal, owing to the depth of the canals, is about 2,000 tons, while the improvements to the upper canals and channels will allow of cargoes being taken from Chicago or Duluth to Buffalo, of nearly double the weight.

The great advantages of good water routes over railways for the transportation of freights, are well known. Grain has been carried from Duluth to Kingston, distance 1,000 miles, for 3½ cents per bushel, including canal toll, or about 2½c net to the vessel. The railroad rate for the same distance would be nearly ten times this amount. This is sufficient to show the great importance of the water route, and the necessity for its improvement, so that it can be used to the very best possible advantage. It is considered possible that with the improvement of the great St. Lawrence waterway, and also the cheapening of grain freights by rail to lake ports, which is likely to come in time, a saving of 10 cents per bushel may be made on wheat shipped from Manitoba to the seaboard. This saving of course would go to the producers, which means, that with a surplus of 20,000,000 bushels of wheat in Manitoba, our farmers would receive \$2,000,000 more for the grain than they would under the existing freight rates. Other products exported from the country would also share in the increase of value due to lower rates, so that the entire saving to the province would be practically incalculable.

## WHEAT PRICES.

Because wheat crop prospects are not as bright as they might be in Manitoba this year, the idea seems to prevail that prices will be high next fall and winter. We notice that a number of the provincial papers have so intimated to their farmer readers. Now, while it is to be hoped that good prices may be realized, yet it will not do to be too firmly fixed in the belief that big prices will be paid for wheat next season simply because the crops in Manitoba are light. Such a belief becoming widespread among the farmers might lead to a general move to hold wheat for higher prices, while fair figures were being offered, to the great detriment of the trade of the province. It costs money to hold wheat, in addition to the risk assumed thereby. It also prevents the earlier payment of debts, and thus makes a source of loss all around. The course of prices next fall and winter is very uncertain and at this early date individual opinions count for very little. It is just as well to state, however, that the fact of a light crop in Manitoba, will not effect prices here nearly as much as many people imagine. Manitoba will have a surplus of wheat for export and therefore prices must be based on export values. The local situation may make prices a little stiffer on account of the home milling demand, but the general situation must be taken into consideration in discussing probable wheat values.

Now, so far as the United States is concerned, the official figures of the Washington Government point to a total crop for 1889 amounting to 60,000,000 to 70,000,000 bushels in excess of last year. This would indicate a plentiful supply of wheat for all requirements for the next twelve months, and if the official estimates are realized, a large export movement from this continent to Europe would be necessary to cause high prices.

One thing must be taken into account, however, and this, is that the reserve stocks of wheat in the United States are estimated to be about 25,000,000 bushels less than a year ago, thus reducing the available surplus by just that much. However, there will still be a few boat loads for export, after allowing for all home requirements. On the present basis the exportable surplus for the next twelve months is estimated at 125,000,000 to 130,000,000 bushels, allowing for a reduction in reserves at the end of that period to the same as at present. Actual exports